

Prepared Statement of
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Subcommittee on Aviation
Committee on Commerce, Science and Transportation
United States Senate

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Good Morning, Mr. Chairman and Members of the Subcommittee.

I am Bryan Elliott, Executive Director of the Charlottesville-Albemarle Airport Authority, which owns and operates the Charlottesville-Albemarle Airport (CHO). It is a pleasure and an honor for me to be before you today to present my views on the status of air service to our small communities and to outline the need for continued Federal assistance on several fronts.

The Charlottesville-Albemarle Airport is a non-hub commercial service facility located in the Piedmont region of Virginia. The Charlottesville area is home to the University of Virginia as well as a diverse base of tourism, manufacturing, and financial service entities. Our regional economy requires dependable scheduled air service that links our region to the world.

As you are aware, the General Accounting Office (GAO) has recently confirmed that air service to small communities has declined 20% since September 11, 2001, more than in larger metropolitan areas. In contrast, the Charlottesville-Albemarle Airport has recently experienced passenger growth. 2002 represented a record year for us, with approximately 342,000 passengers using our airport. Charlottesville's three regional carriers offered those passengers access to the national aviation system via 54 daily nonstop flights to seven airline hubs.

Mr. Chairman, Charlottesville's need, and that of other small communities, is for efficient, reliable, and economical scheduled air service access to our national aviation system. Allow me to take just a few moments to discuss how the Federal government can help protect small communities from being cut off from commerce, economic

development, and the potential for prosperity by helping to foster basic levels of air service.

1. Small Community Air Service Development Pilot Program

Through this pilot program in AIR-21, Congress sought to help small communities by encouraging creative marketing and financial assistance projects to attract and retain new airline service. Although \$27.5 million in annual appropriations was authorized for this program, Congress has only appropriated \$20 million in each of two fiscal years.

Small communities' interest in this pilot program has been overwhelming. In the first year, 179 communities submitted applications totaling \$142 million. It's too early to determine how successful the 40 selected communities will be in obtaining and retaining new air service in light of the serious and continuing economic plight of the carriers. However, communities such as Charleston (WV), Daytona Beach (FL) and Augusta (GA) have attained new service through this program. Charlottesville, while it did not apply in FY '02, is seriously considering applying for FY '03 funding to "incentivize" incumbent or new carriers to provide more regional jet departures in our market.

Given this program's immediate success, it is very disappointing that the Administration is not proposing to extend it, as reflected in the fact that the Administration's FY '04 budget requests no money for this purpose. Because the U.S. needs better air service to small communities, I urge the Committee to reauthorize and expand this program in your AIR-21 extension legislation.

2. Essential Air Service Program (EAS)

The EAS program has helped many rural communities retain their connection to the national aviation system. With this said, I am disappointed, again, that the Administration has recommended that funding for this program be reduced from \$113 million in FY '03 to \$50 million in FY '04, and is seeking to require local communities to generate a matching share in order to continue to receive funding.

Mr. Chairman, I have two recommendations. First, I think it's time for Congress to require DOT, in conjunction with affected local communities and their state governments, to consider some radical changes be made to this program to ensure that it will be as effective in 2005 as it was at its beginning in 1978. Currently, DOT's proposals – developed without state/local participation – are all aimed at financial savings rather than at improved air service. As a result, in some instances subsidized carriers don't provide dependable service. Passengers then bypass the unreliable local service and drive to distant alternative airports. As a result, the EAS service is under-utilized. Perhaps it is time to focus on the issue of improved service through establishment of some form of "performance-based standards" for carriers to meet in order to receive payments.

Until this program-restructuring project is completed, it is important for Congress to fund the EAS program at existing levels without instituting program changes requiring localities to match federal funding. With state and local governments already facing red ink from economic downturn, this is not the year in which to institute a financial matching requirement.

3. Access to High-Density Airports

Small communities also need help from the Federal Government that isn't financial in nature. Neither Congress nor the Executive Branch should allow congested airports in major metropolitan areas to charge above-cost landing fees or "congestion prices." Selling off access rights to LaGuardia Airport to the highest airline bidders, as proposed by DOT/FAA, would disproportionately eliminate service to small communities such as Charlottesville, with our smaller aircraft and lower volume of passengers. Unless small communities were to be exempted, allowing congestion pricing would lock small communities into permanent second-tier status.

The New York metropolitan area represents the top origin and destination (O&D) market for the Charlottesville region. Chicago is Charlottesville's second largest O&D destination and, like New York, is served primarily through a congested airport. We and other small airports oppose "congestion pricing" because our communities would be disproportionately harmed – and because our financially strapped carriers would be pressed even harder by such fee increases.

4. Full Funding for the AIP Program

Finally, Mr. Chairman, small communities can also be helped through the reauthorization of the Airport Improvement Program (AIP) at a level of at least \$4.0 billion in FY04, with growth of an additional \$100 million per year in subsequent years. Moreover, it is vital that you maintain AIP's focus on funding aviation capacity, preservation, and safety programs rather than draining the fund for installation of security-related equipment. Last year, \$500 million in AIP funds were used to fund Transportation Security Administration (TSA)-mandated capital security expenditures at

our airports, a tenfold increase from the prior year. As much as we recognize that TSA must undertake billions of dollars of security improvements to fulfill its statutory obligations, these needs must be funded from appropriations to TSA rather than by straining the FAA's AIP program to fill this new funding requirement.

Thank you for the opportunity to present my views. I would be pleased to attempt to answer your questions about small community air service issues, at Charlottesville and nationwide.